

Remarks/Arguments

Reconsideration of this Application is requested.

Claims 12-14 have been objected to by the Examiner because claims 12-14 depend on cancelled claim 11.

Claims 12-14 have been amended to depend on claim 1.

Claims 1-6, 9-10 and 12-15 have been rejected by the Examiner under 35 USC § 102(e) as being anticipated by Basch et al. (U.S. Patent No. 6,119,103).

Basch discloses the following in col. 3, lines 50-62.

The invention relates, in one embodiment, to a computer-implemented method for predicting financial risk, which includes receiving transaction data pertaining to a plurality of transactions for a financial account, the transaction data including one of a transaction type and a transaction amount for each of the plurality of transactions. The method further includes scoring the transaction data, including a transaction pattern ascertained from the transaction data, based on a preexisting model to form a score for the financial account. The method further includes transmitting, if the score is below a predefined financial risk threshold, the score to an account issuer of the financial account.

Basch discloses using a preexisting model to form a score for a financial account.

The Examiner stated the following in Pages 2 and 3 of the Final Rejection.

"Basch does not explicitly disclose benchmarking risk management effectiveness by determining fraud loss ratios. However, benchmarking risk management effectiveness by determining fraud loss ratios, is certainly well known to those of ordinary skill in the art, and official notice to that effect is hereby taken. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the method of Basch, so as to include benchmarking risk management effectiveness by determining fraud loss ratios as is well known to do, in order to track and understand the effectiveness of the risk management program, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Examiner notes that Official Notice was relied upon to teach the above limitation (g) when it was claimed in claim 11, and official notice still applies to limitation (g) since it is the same as in claim 11. Therefore since the examiner took Official Notice fact to claims 11-14 taken by the examiner on 12/27/2007, and the appellant failed to specifically point out the supposed errors in the examiner's action, and to state why the notice fact is not considered to be common knowledge or well known in the art. In view of the inadequate traversal, and in light of the requirements of 2144.03(c), the examiner notes that the well known in the art statements of the previous Office Action are considered to be admitted prior art. Furthermore the Official Notice Traversal is no longer seasonable, therefore the Official Notice is considered to be admitted prior art."

As noted in the MPEP, Section 2144.03 A, official notice unsupported by documentary evidence should only be taken by the Examiner where the facts to be asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. The notice of facts beyond the record which may be taken by the Examiner must be "capable of such instant and unquestionable demonstration as to defy dispute." In re Ahlert, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970). Applicants respectfully submit that Official Notice cannot be used to support a contention that something would have been obvious, as whether or not something would have been obvious is not capable of instant and unquestionable demonstration as being well-known. In the event that this was not an oversight by the Examiner, Applicants respectfully request that the Examiner to produce documentary evidence to support the statement that it would have been obvious to one of ordinary skill in the art at the time the invention was made to determine fraud loss ratios to benchmark risk management effectiveness.

Basch and/or Official Notice does not disclose or anticipate steps f and g of claim 1 namely (f) applying a fraud indicator to each assessment and wherein said fraud indicator is selected from a list of fraud indicator and wherein each of said fraud indicator on the list is representative of a defined area of risk; (g) and determining fraud loss ratios to benchmark risk management effectiveness and those claims dependent thereon.

The Examiner stated the following in page 4 of the Final Rejection.

Regarding claim 9, in the method of Basch, a set of data relative to said credit authorization request is retained in a memory of said data processing system Basch does not explicitly disclose that the data is retained for the purpose of being utilized to determine the effectiveness of an assessment methodology. However, reviewing results to determine the effectiveness of a method over time is certainly well known, hence obvious, to those of ordinary skill in the art of lending, and official notice to that effect is hereby taken. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the method of Basch, so as to utilize the retained results for the purpose determining the effectiveness of an assessment methodology (if such was not already being done), as is well known to do, in order to learn how to continually improve the assessment methodology to identify a greater and greater percentage of the fraudulent applications, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Contrary to the Examiner's assertion it is not well known retain a set of data relative to a credit authorization request in a memory of a data processing system to determine the effectiveness of an assessment methodology.

The Examiner stated the following in Pages 4 and 5 of the Final Rejection.

Regarding claims 12-14, Basch, do not explicitly disclose benchmarking risk management effectiveness by determining fraud loss ratios, including the ratio of fraud loss to any of portfolio maturity, volume of total sales, or total charge-offs. However, benchmarking risk management effectiveness by determining fraud loss ratios, including the ratio of fraud loss to any of portfolio maturity, volume of total sales, or total charge-offs, is certainly well known to those of ordinary skill in the art, and official notice to that effect is hereby taken. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the method of Basch, so as to include benchmarking risk management effectiveness by determining fraud loss ratios, including the ratio of fraud loss to any of portfolio maturity, volume of total sales, or total charge-offs, as is well known to do, in order to track and understand the effectiveness of the risk management program, since so doing could be performed

readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Contrary to the Examiner's assertion it is not well known for measuring fraud losses as a function of portfolio maturity (Claim 12); measuring fraud losses as a function of volume total sales (claims 13) and determining a contribution of fraud losses in total charge offs (claims 14) have not been disclosed by the cited art.

The Examiner stated the following in Page 4 of the Final Rejection.

As per claim 15, Basch teaches wherein the fraud indicator is selected from the group consisting of a change in social security number, a change in personal identification number, a change of address, a change of phone number, account closures questionable purchases, and questionable chargeback's (see at least col.1).

FINANCIAL RISK PREDICTION SYSTEMS AND METHODS THEREFOR RELATED PATENT APPLICATION

The following patent application(s) are incorporated herein by reference. Commonly assigned patent application entitled "Method and Apparatus for Pattern Generation," by inventors Kevin P. Siegel, Patrick L. Faith, and Theodore P. Washburne, filed on even date (Attorney Docket No. VISAP002).

BACKGROUND OF THE INVENTION

The present invention relates to financial risk prediction systems (FRPS). More particularly, the present invention relates to improved methods and apparatus for a transaction based risk prediction system that advantageously assess the financial risk level associated with an account and/or an account holder based on the account holder's transaction pattern and/or transactions pertaining to that account holder across multiple accounts and/or account issuers.

In recent years, account issuers (e.g., banks, credit unions, mortgage companies, and the like) have significantly increased the types and volumes of accounts issued to account holders. A typical account holder (e.g., an individual or business account holder) nowadays may be issued, for example, multiple charge (credit) accounts, one or more mortgages, multiple revolving accounts, and/or one or more installment payment plans. For a majority of account holders, good financial planning results in financial stability and solvency. There are, however, a significant

percentage of account holders who, for various reasons (e.g., unanticipated changes in life's circumstances, credit abuse, or even fraud), do not live up to the obligations they incurred to account issuers.

When account holders default (e.g., simply refuse to pay the amount owed or declare bankruptcy altogether), account issuers may at times be forced to resort to costly collection procedures and/or to write off the amounts owed altogether. As can be appreciated from the foregoing, when an account holder declares bankruptcy for example, the amount lost maybe substantial since most or all credit accounts (charge/credit accounts, mortgages, revolving accounts, installment payment plans, and/or others) may be discharged under bankruptcy laws. The losses increase, for example, the cost of credit to all current and potential account holders, including those having satisfactory credit histories.

To minimize losses, account issuers have constantly been searching for ways to predict in advance accounts and/or account holders who are at risk for credit default and/or fraud. By way of example, account issuers routinely employ credit bureaus, essentially data collection services, to ascertain whether an applicant for new or additional credit is sufficiently credit-worthy for the type of account and amount that he is applying for. If an applicant wishes to apply for a Visa credit card account, for example, a potential issuing bank may request a credit report on the applicant from one or more credit bureaus to ascertain whether the applicant has a satisfactory credit history, adequate income, reasonable debt-to-income ratio, and the like, before deciding whether the applicant should be approved for the credit account and what the appropriate credit limit should be.

To facilitate the management of accounts, account issuers may employ scores developed by credit bureaus. These scores may, for example, be utilized to assist in some aspects of account management, e.g., in the account issuer's decision to increase or decrease the current limit.

Basch discloses that a potential creditor may request a credit report on the Applicant from one or more credit bureaus to ascertain whether the Applicant has a satisfactory credit history, adequate income, reasonable debt-to-income ratio and the like, before deciding whether the Applicant should be approved for credit.

Basch does not disclose or anticipate a fraud indicator that may be a change in social security number, a change in personal identification number, a change of address, a change of phone number, account closures, questionable purchases, and questionable chargebacks.

Appln. No.: 09/475,950
Amendment Dated: February 6, 2009
Reply to Office Action dated December 16, 2008

In view of the above claims 1-6, 9, 10, 12-15 are patentable. If the Examiner has any questions, would he please call the undersigned at the telephone number noted below.

Respectfully submitted,

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